



U.S. HOTEL & RESORT
MANAGEMENT, INC.

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February 28, 2013

Commissioner Chris Nelson, Vice Chair
South Dakota Public Utilities Commission
chris.nelson@state.sd.us

Dear Chris:

We wanted to write you regarding the Black Hills electric utility rates. After searching for several weeks, we have not found adequate legal precedents with electric utility matter of SD PUC docket, EL12-061 - In the Matter of the Application of Black Hills Power, Inc. for Authority to Increase its Electric Rates.

We find it interesting that from the period of 2007 to present, the United States has had the lowest interest rates, and natural gas prices have declined to some of the lowest levels in history. Yet, Black Hills Power is asking for this rate increase.

Some questions we would like you to address include:

1. Since revenue requirement is the basis of the rate case

Revenue Requirement = [Rate Base x Rate of Return (ROR)] + operating expenses

What is Black Hills Power rate of return? Why is it higher than other traditional companies? Why does the South Dakota Public Utilities Commission keep it filed confidential?

2. Since Black Hills Power received a grant for the new metering:

How many new meters have been damaged or hailed on, and who paid for them? Why does Black Hills Power need a new accounting/billing system for the new metering?

3. How can the medium to large customer get a tariff like those in the industrial or forestry industries?
4. How long does it take the PUC to review a fuel adjustment? In the past ten years, how times has the PUC reduced the fuel adjustment based on what the company filed?

Not only does this rate increase and proposed new power plant affect us at our various locations throughout the Black Hills, but our employees will be affected even more.

Thank you for your time and consideration.

Respectfully submitted,

U.S. HOTEL AND RESORT MANAGEMENT, INC.

For:

Regency Midwest Ventures Limited Partnership
Deadwood Resort, L.L.C.



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